



FOR IMMEDIATE RELEASE
Monday, May 8, 2006

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Michigan communities to AT&T: Can you hear us now?

Phone giant fails to respond to more than 600 invitations and resolutions throughout state asking AT&T to sign local franchise agreements and compete for cable TV customers

LANSING — The Michigan Municipal League (MML) and the Michigan Townships Association (MTA) today formally requested a response from AT&T to more than 600 invitations and resolutions issued by local communities and communities represented by local authorities throughout the state, asking the telephone giant to sign local franchise agreements and compete fairly for cable television customers. These communities and authorities represent approximately 60 percent of Michigan's population.

"Local communities are 'open for business' and the only thing stopping AT&T from entering Michigan's cable market is AT&T. AT&T says it wants to do business in Michigan, but it has ignored local communities across Michigan that have welcomed the company to sign a local franchise agreement and begin offering cable television and broadband service within a matter of days," said David Bertram, a legislative liaison for the Michigan Townships Association.

"We call on AT&T to explain to Michigan consumers why AT&T is withholding local competition by not signing local franchise agreements and why they don't want to serve 'low-value' residents as they told their Wall Street investors," said Joe Fivas, assistant director of state affairs for the Michigan Municipal League. AT&T told its Wall Street investors when rolling out their video product that they were going to serve 90 percent of 'high value' residents, and serve only 5 percent of 'low-value' residents.

"Local franchise agreements ensure all families and businesses in a community have an opportunity to purchase cable telecommunications services, and also helps to ensure local consumer protection measures are enforced," Fivas said.

MORE

The request by the MML and MTA was announced before Mr. Ed Whitacre, AT&T Chairman and CEO was scheduled to deliver a speech on Monday, May 8, to the Detroit Economic Club touting why local cable franchising should be eliminated. As Whitacre spoke, a 10-foot-tall, 20-foot-wide mobile billboard circled outside The Masonic Temple in Detroit with the message "AT&T: Why won't you call us back? — Michigan's communities."

Whitacre also was expected to discuss during the speech his support of Michigan Senate Bill 1157, and House Bill 5895, which would eliminate local cable franchising, and would allow AT&T to bypass, on a street by street basis, serving 'low-value' residents which are those that buy less than \$110 per month in telecommunication services.

The Detroit City Council, the Wayne County Board of Commissioners, the Michigan Legislative Black Caucus, the Conference of Western Wayne County, the Southeast Michigan Council of Governments, the Detroit Council of Black Pastors and Grand Valley Metro Council in West Michigan have joined hundreds of local communities in adopting resolutions urging lawmakers to reject any legislation that would discriminate against cable TV consumers, or interfere with local economic development efforts.

"Michigan is a great state that is proud of having many diverse communities that are responsible for identifying and meeting local residents' needs. It's clear that Michigan's locally elected officials are fighting for the right of all community residents to get more competition, not who AT&T deems as 'high value' residents. We believe everybody matters," Fivas said.

The statewide cable franchise legislation backed by AT&T could allow them to discriminate against anyone who buys less than \$110 per month in telecommunication services, which would primarily discriminate against senior citizens, minorities, fixed-income and rural citizens by promoting redlining and cherry-picking, Bertram said.

"Without local franchise agreements, cable providers will be unaccountable to the communities they are supposed to serve," Bertram added. "Franchise agreements level the playing field so that all companies play by the same set of rules."

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ONE HUNDRED NINTH CONGRESS

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Committee on Energy and Commerce
Washington, DC 20515-6115

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March 29, 2006

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BUD ALBRIGHT, STAFF DIRECTOR

Mr. Edward E. Whitacre, Jr.
Chairman and Chief Executive Officer
AT&T Inc.
175 E. Houston Street
San Antonio, Texas 78205

Dear Mr. Whitacre:

On March 27, 2006, the Chairman and other Members of the Committee on Energy and Commerce released draft legislation of the Communications Opportunity, Promotion, and Enhancement Act of 2006. The draft legislation seeks to federalize cable franchising, which has been a major legislative goal of your company, and I have found our discussions on this matter very helpful. But serious questions remain in my mind as to whether AT&T will be able to receive the benefits of such sought-after legislation.

As you are aware, the national franchise set forth in the draft legislation is available only to eligible cable operators. The term "cable operator" is defined under the Communications Act as someone who provides cable service over a cable system. Given AT&T's previous statements that the IP video service it plans will not be a cable service, I seek your assistance in helping the Committee determine whether AT&T thinks it will qualify for the anticipated national franchise.

In particular, in briefings filed this month before the State of Connecticut Department of Public Utility Control, a subsidiary of AT&T claimed that it will not be a cable operator under Federal law when it offers an IP video service. Even though Southern New England Telephone Company (SNET) admits that it will use public rights of way to provide video services, it claims that it is not subject to cable franchising requirements. SNET relies upon the assertion that it does not provide one-way transmission of video programming to subscribers. According to SNET, the two-way interactive nature of its planned IP video service places it outside of the definition of cable service. In fact, SNET claims that in the existing statutory structure Congress distinguished between cable service and other services based on the technological manner in which programming is delivered.

AT&T has taken a similar position at the Federal Communications Commission (FCC). In February, AT&T filed comments at the FCC reiterating its position that "AT&T will not be providing 'cable service' over 'cable systems' as those terms are defined by the Communications Act."

AT&T has also been making this claim before municipalities. For example, SBC filed a letter last December with the Director of Public Works for the City of San Jose, California, indicating that its "IP video service is not a 'cable service' providing video programming over a 'cable system.'" The letter specifically advises that SBC "is not building a 'cable system' that is 'designed to provide cable service.'"

It is unclear why it makes sense for the Committee on Energy and Commerce to consider legislation to streamline the cable franchise process when companies can define themselves out of the process. The Committee clearly needs to receive information sufficient to evaluate whether the Communications Act definitions should be updated so that companies who offer IP video services can benefit from the national cable franchising.

I ask you to answer the following questions:

1. Will AT&T's planned IP video service (provided over Project Lightspeed or any similar advanced wireline infrastructure) fall within the definition of "cable service" under Federal law? Please state in technical detail the reasons why AT&T believes the service will or will not be covered, including whether any part of AT&T's service will involve the one-way transmission to subscribers of video programming (irrespective of any subscriber interaction that may be required for the selection or use of such programming).
2. Would AT&T's planned IP video service be eligible for national franchising under the Committee Print of the Communications Opportunity, Promotion, and Enhancement Act of 2006? If not, do you propose changes to that legislation?
3. Will AT&T's planned IP video service be delivered over a "cable system" as such term is defined under Federal law? Please provide, in legal and technical detail, the reasons why AT&T believes the service will or will not be delivered over a cable system.
4. Will AT&T and/or its subsidiaries that offer IP video service be a "cable operator" as that term is defined under Federal law? Please provide, in legal and technical detail, the reasons why AT&T believes it will or will not be a cable operator.
5. Does AT&T plan to use public rights of way in delivering its IP video service to subscribers?

Mr. Edward E. Whitacre, Jr.

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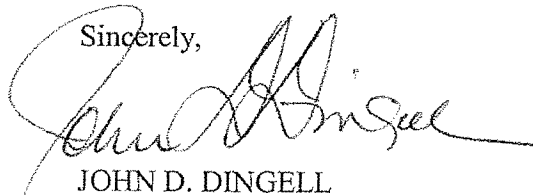
6. Does AT&T believe that it is appropriate for Congress to distinguish among services based on the technological manner in which programming is delivered?

It would also be very helpful if you could provide a list of filings, with a copy of related documentation in any Federal, State or local legislative, regulatory, or judicial proceeding in the United States in the past two years in which AT&T (or any precursor entity) claims that its IP video service will not be a cable service and/or that AT&T will not be a cable operator under Federal law.

As this bill appears to be moving on a fast track, I ask that you provide written responses to each of these questions at your earliest convenience, preferably by close of business Monday, April 3, 2006, so that the Committee can properly evaluate your responses prior to Subcommittee markup of this legislation.

If you have any questions regarding my request, please contact me or have your staff contact Johanna Shelton or Pete Filon, Minority Counsels to the Committee on Energy and Commerce, at (202) 226-3400. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "John D. Dingell", written over a horizontal line.

JOHN D. DINGELL
RANKING MEMBER

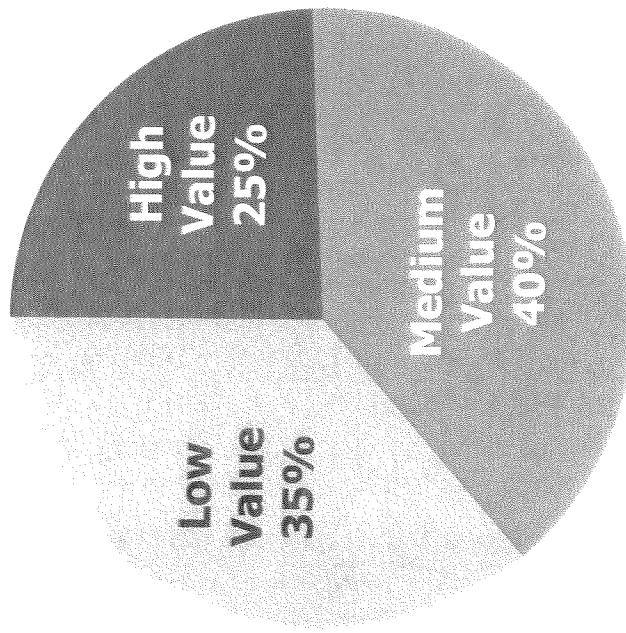
cc: The Honorable Joe Barton, Chairman
Committee on Energy and Commerce

The Honorable Fred Upton, Chairman
Subcommittee on Telecommunications and the Internet

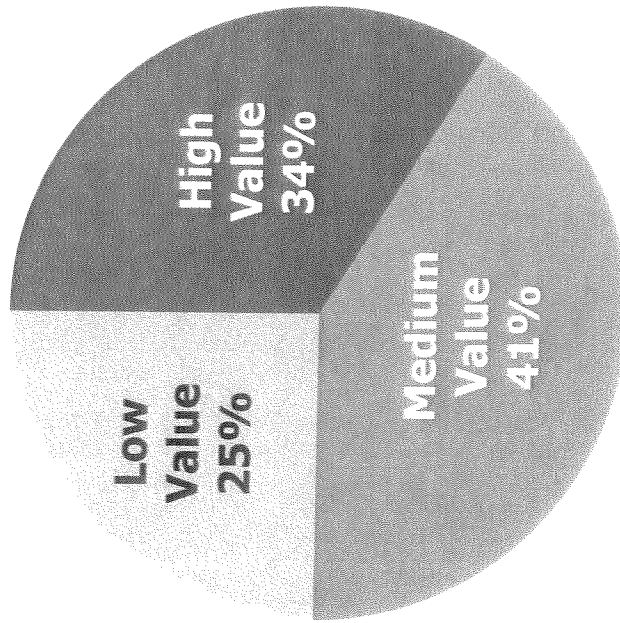
The Honorable Edward J. Markey, Ranking Member
Subcommittee on Telecommunications and the Internet

High-Value Customers

Total Customer
Household Segmentation

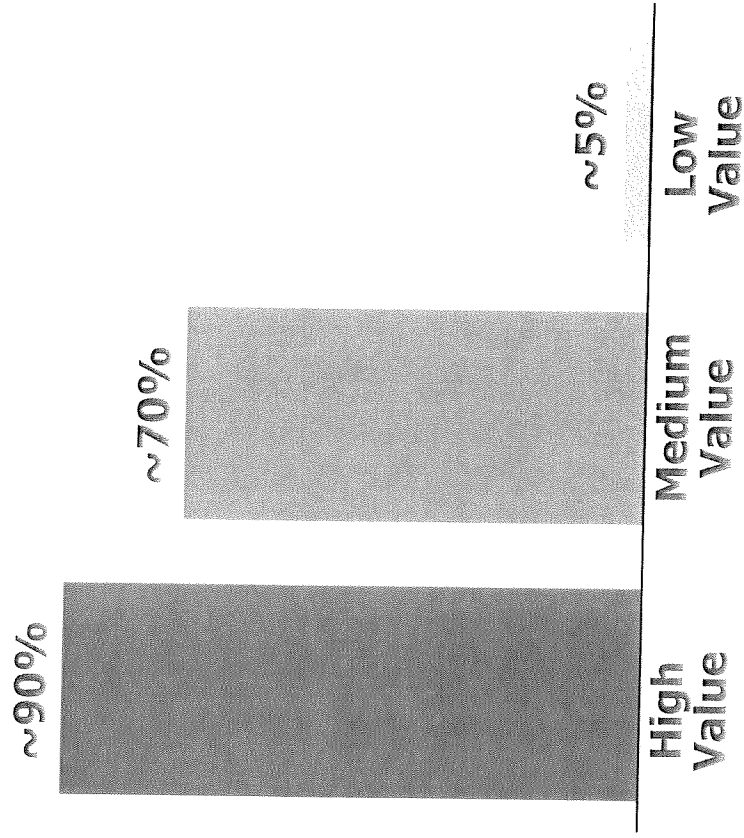


% of Customer \$ Spend
Attributed to Each Segment



High-Value Customer Coverage

Percent of Each Segment Covered by Project Lightspeed



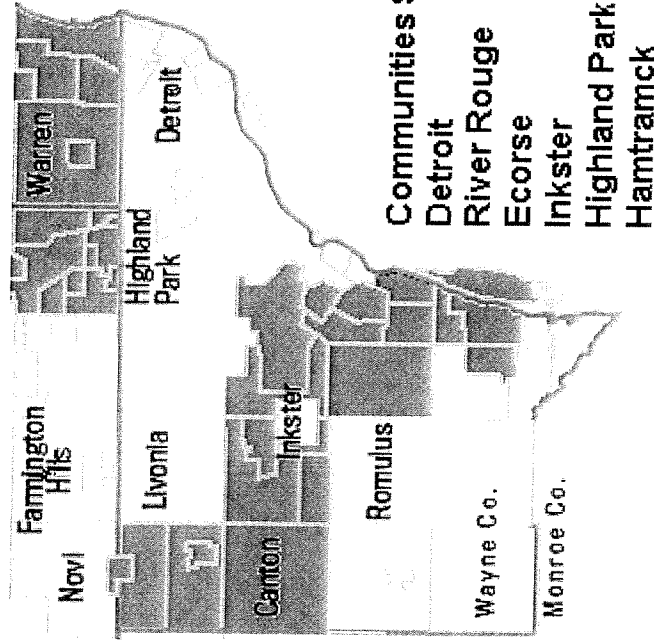
- FTTN is **efficient** in how it can be deployed
- Lightspeed deployment will cover approximately **90%** of high-value and **70%** of medium-value customers



SBC Investor Update

Ameritech/AT&T Detroit Cable Franchises —

Demographic Breakdown of Communities



WHERE SBC/AT&T DID NOT SERVE when they built a Cable System in Michigan

DETROIT	
<i>Median income household:</i>	\$29,526; <i>family</i> \$33,853
PONTIAC	
<i>Median income household:</i>	\$31,961; <i>family</i> \$36,391
ROMULUS	
<i>Median income household:</i>	\$45,088; <i>family</i> \$51,497
INKSTER	
<i>Median income household:</i>	\$35,950; <i>family</i> \$41,176
HIGHLAND PARK	
<i>Median income household:</i>	\$17,737; <i>family</i> \$26,484

WHERE SBC/AT&T DID SERVE

NORTHVILLE	
<i>Median income household:</i>	\$83,961; <i>family</i> \$98,802
CANTON TOWNSHIP	
<i>Median income household:</i>	\$72,495; <i>family</i> \$83,546
PLYMOUTH TOWNSHIP	
<i>Median income household:</i>	\$74,738; <i>family</i> \$90,243
GARDEN CITY	
<i>Median income household:</i>	\$51,841; <i>family</i> \$58,530
TROY	

Median income household: \$77,538; *family* \$92,058

Source: Wikipedia — United State Census Bureau, 2000 Data